

## **Small-bay industrial properties in these Central Florida suburbs have availability rates below 3%**

Fast growing suburbs in the Sunshine State Have Very Few Options for Small and Mid-Sized Tenants



During early 2024, industrial and construction equipment rental company United Rentals leased 10,300 square feet at Building 200 of Perimeter Park West in Clermont, Florida, two months after the property completed construction. (Stephen Flint/CoStar)

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September 9, 2024 | 1:47 P.M.

According to the most recent Census Bureau data, Florida ranked among the top three states in the U.S. for population growth between mid-2022 and mid-2023 on both an absolute and percentage basis.

Only four counties in the state averaged growth of more than 350 residents per week during that same period: Polk, Pasco, Hillsborough and Orange. All four of these top performers are in Central Florida, where relatively affordable housing, along with growing healthcare, hospitality and aerospace industries, are attracting new residents at some of the most impressive rates in the Sunshine State.

This is not a new trend. Every year since 2014, Central Florida's population has grown at more than twice the national rate. Over the last ten years, the region has added more than 1.5 million residents, growing by 21%.

This rapidly growing base of consumers has driven increased demand for industrial space from a range of tenants, from giant retailers such as Amazon and Walmart to small, locally owned businesses such as construction contractors and auto repair shops.

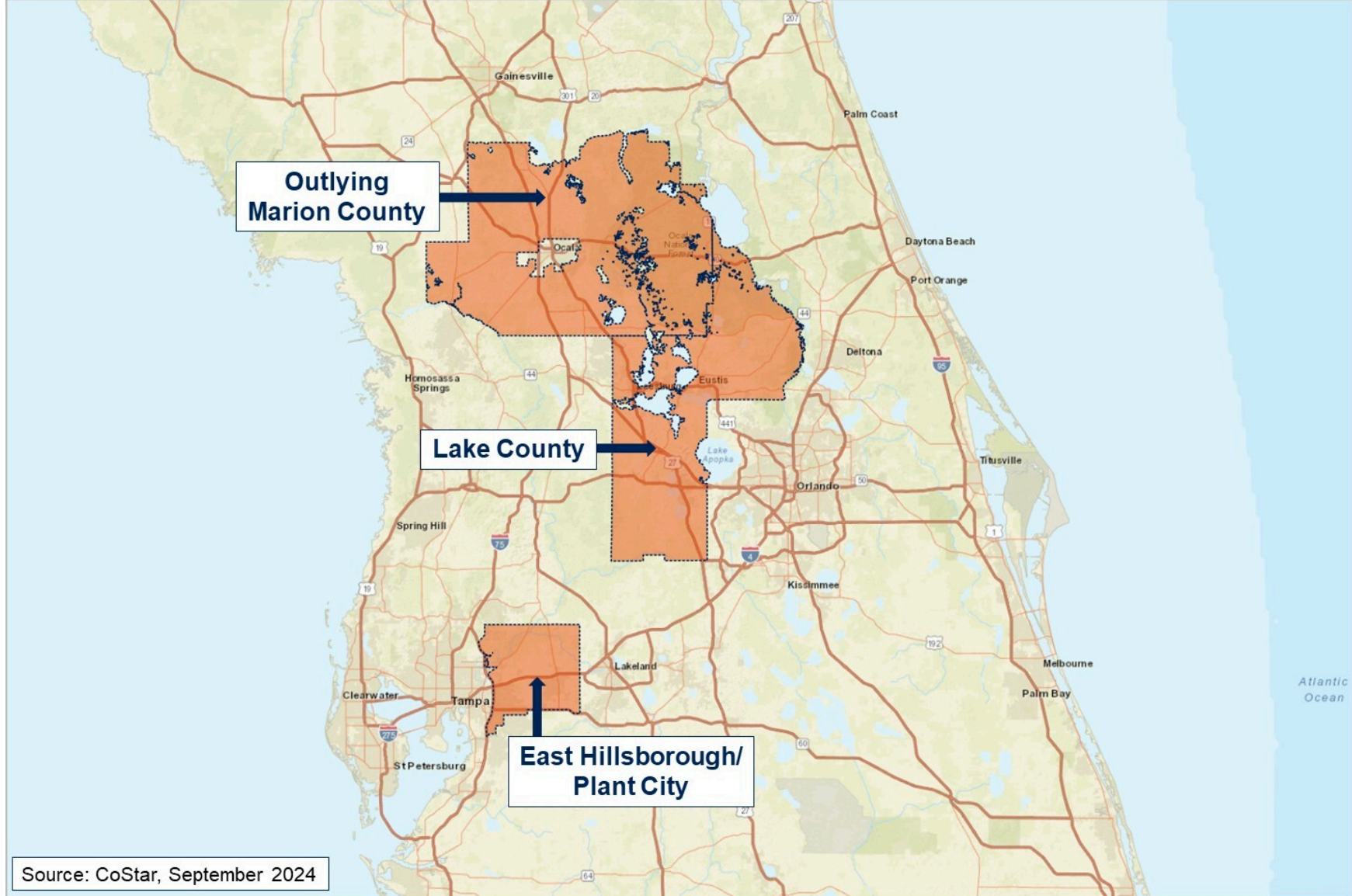
Meanwhile, industrial developers have mostly focused on chasing larger payouts achieved by building giant distribution centers the size of multiple football fields. As a result, the space needs of larger tenants have largely been addressed. Central Florida's stock of logistics properties 100,000 square feet or larger has almost doubled over the last 10 years, growing by 91 million square feet. When including the additional 10 million square feet of these projects still under

construction, availability rates of these larger buildings are currently 14.5%, the highest level recorded in 13 years.

However, developers are still not building enough industrial properties smaller than 50,000 square feet to meet tenants' needs, as these small-bay properties often demand similar amounts of time and labor to acquire and entitle as their larger counterparts but with significantly smaller paydays.

Central Florida's stock of industrial and flex-industrial properties smaller than 50,000 square feet has grown by less than 3.5% cumulatively over the last 10 years. The availability rate among these properties has inched up from an all-time low hit in mid-2022 but, at 4.4%, remains tighter than any level ever recorded prior to the pandemic.

Three areas, East Hillsborough/Plant City, Lake County and Outlying Marion County, have some of the lowest small-bay availability rates in the region, all below 3%.



## East Hillsborough/Plant City

Located between Interstate 75 and the county line separating Hillsborough and Polk counties, East Hillsborough/Plant City is arguably the tightest major submarket for small industrial properties in Central Florida. It has a small bay availability rate of only 1.5%.

This area straddles much of the suburban, eastern portion of Hillsborough County, which ranked third in the state for total population growth between mid-2022 and mid-2023, adding more than 22,000 residents. Interstate 4 runs straight through East Hillsborough/Plant City and provides quick access to neighboring Polk County, which ranked as the fastest-growing county in Florida during the same period.

Its position midway between the fast-growing population centers and housing stocks of downtown Tampa and Lakeland makes East Hillsborough/Plant City an attractive base of operations for contractors and distributors that serve clients in both locations.

The sheer lack of available space in this area makes lease records hard to come by. There are 79 existing industrial and flex properties between 15,000 and 50,000 square feet in East Hillsborough/Plant City but none have spaces that size currently available for lease. Last year, when 15,000 square feet came available at the 2016-built [County Line Commerce Center](#), the space was leased by Sagiper Lumber in less than three months.

## Lake County

Like East Hillsborough/Plant City, most of Lake County's small bay industrial stock is located between two of Central Florida's fast-growing population centers: Orlando's western belt of suburbs and The Villages. The latter includes one of the largest age-restricted master-planned communities in the US and was the fastest-growing US metropolitan area on a percentage basis between mid-2022 and mid-2023, according to the U.S. Census.

The majority of pandemic-era development in this area has been focused on large regional distribution centers, leaving the small bay market arguably underserved. Overall, Lake County has an availability rate of 2.3% among industrial and flex properties smaller than 50,000 square feet. Spaces between 5,000 and 20,000 square feet are in particularly short supply in the portion of Lake County south of Lake Harris and near Orlando's burgeoning southwest suburbs. There are more than 200 industrial and flex properties larger than 5,000 square feet in this area. Only two spaces between 5,000 square feet and 20,000 square feet are available, [Building 200](#) and [Building 300](#) of Perimeter Park West, two neighboring 40,000-square-foot properties that completed construction in late 2023. The other four buildings within the development are fully leased.

### Outlying Marion County

The Ocala metropolitan area, which is synonymous with the boundaries of Marion County and at the northern end of Central Florida, ranked as the fourth fastest-growing metropolitan area in the US on a percentage basis from mid-2022 through mid-2023. The area's state and national parks, award-winning horse farms and relatively affordable housing have made it an attractive destination for inbound migrants as home prices have boomed across Florida in recent years.

Outlying Marion County covers most of Marion County outside of Ocala's urban core and has a 2.8% availability rate for industrial and flex properties smaller than 50,000 square feet. While there are five distribution centers built since 2022 with space available, none list spaces demised smaller than 50,000 square feet.

Of the more than 390 existing industrial and flex properties in Outlying Marion County, only one lists a space between 10,000 square feet and 49,999 square feet as available: [13595 SE 31<sup>st</sup> Ave. in Summerfield](#), which has been on the market for less than two months. All 21,000 square feet of the property are listed as available with an advertised triple net rent of \$12.50 per square foot. One property under construction also has a space in this size range, [5741 S. Pine Ave.](#), which lists 24,600 square feet with an advertised triple net rent of \$12 per square foot.

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